

REGULAR MEETING MINUTES
BOARD OF WATER SUPPLY
Thursday, May 26, 2011

The Board of Water, County of Kaua'i, met in regular meeting at its office in Lihu'e on Thursday, May 26, 2011. Chairperson Roy Oyama called the meeting to order at 10:50 a.m. On roll call, the following answered present:

BOARD: Mr. Roy Oyama, Chairperson
Mr. Randall Nishimura
Mr. Ray McCormick
Mr. Daryl Kaneshiro
Mr. Michael Dahilig
Mr. Larry Dill

STAFF: Mr. David Craddick
Mr. William Eddy
Mr. Edward Doi
Ms. Marites Yano
Ms. Faith Shiramizu
Mr. Dustin Moises
Mr. Keith Aoki
County Attorney Al Castillo
Deputy County Attorney Andrea Suzuki

GUESTS: Mr. Dan Chang, Department of Health
Mr. Serafin Galvez, 2010 Employee of the Year
Ms. Paula Morikami, Office of Boards & Commissions
Mr. Jan TenBruggencate

Quorum was achieved with all members present.

Chair Oyama acknowledged Ms. Barbara Davis from the Office of Boards and Commissions, filling in for Ms. Beardmore, Ms. Paula Morikami also from the Office of Boards and Commissions, County Attorney Al Castillo and Deputy County Attorney Andrea Suzuki.

AGENDA:

Chair Oyama said since Mr. Chang from the Department of Health was present he would like the Board to approve moving Agenda Item **H. 5.** to be taken after Agenda Item **E.** Correspondence.

Mr. Dill moved to approve the agenda as amended; seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

MINUTES:

Finance Committee Meeting – April 8, 2011

Mr. Nishimura moved to approve the April 8 Finance Committee Meeting Minutes as circulated, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Special Board Meeting – April 26, 2011

Mr. Nishimura moved to approve the April 26 Special Board Meeting Minutes as circulated, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Regular Meeting – April 28, 2011

Mr. Nishimura moved to approve the April 28 Regular Meeting Minutes as circulated, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

CORRESPONDENCE

Re: Correspondence from Thomas Hazelton concerning water bill

Manager Craddick pointed out that this issue was on the agenda last month and the Board accepted the letter. Technically it would then be referred to the Staff to make a report for the Board. Manager Craddick explained that Mr. Hazelton was never noticed that his letter had been placed on the agenda which would give him an opportunity to attend the meeting if he wished. Also the Board did not approve or deny his request; basically the Board just accepted his letter. Manager Craddick said this is the reason the item is on the agenda this month.

Mr. Dahilig moved to accept the report and refer it to Staff, seconded by Mr. Kaneshiro.

Mr. Nishimura said when he made his motion last month to receive the letter it was to acknowledge receipt of the letter and he felt that Mr. Hazelton did have an opportunity to be at the meeting. Manager Craddick said typically when something is placed on the agenda, the person is notified but we did not notify Mr. Hazelton that his letter was going to be on the agenda.

By a unanimous vote, motion was carried.

NEW BUSINESS (agenda amended to take item H.5. out of order)

RE: *Manager's Report No. 11-73 – Request Board Approval to receive and expend funds from the Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Source Water/Wellhead Protection Program (formerly referred to as Wellhead Protection Program) for the County of Kaua'i*

Manager Craddick explained that the Board did approve applying for this grant and Mr. Chang, from the Department of Health, and Ms. Shiramizu were present and could explain the grant and answer any questions from the Board.

Ms. Shiramizu said they met with Mr. Chang yesterday to finalize the scope of work and feel it complies with the requirements that the Board made when they gave approval to apply for the grant. We would like the Board's authorization to finalize the grant based on the scope of work presented and allow us to receive and expend the funds. Mr. Dill asked what expenses the Department would incur as a result of this. Administratively there will be expense involved with the RFP.

Mr. Nishimura moved to approve *Manager's Report No. 11-73* to receive and expend funds from the State Department of Health Safe Drinking Water Branch to Develop and Initiate Implementation of a Source Water/Wellhead Protection Program subject to two conditions:

- a none of the monies from this grant be used for the establishment of any civil service positions; and
- b: none of the monies from the grant be used to promulgate any kind of ordinance.

Motion was seconded by Mr. Kaneshiro.

DISCUSSION:

Questioned about the conditions of his motion, Mr. Nishimura stated the primary purpose of receiving and implementing the program should not be to generate some type of ordinance. If it is for education, outreach, or possible mitigated (inaudible) he would be very supportive of that but to spend the money just to create another bill, he would not be interested in pursuing it.

Mr. Chang, Department of Health, said they were satisfied with the scope of services.

By a unanimous vote, motion was carried.

BOARD COMMITTEE REPORTS

Re: Report of the Rules Committee of the Kaua'i County Board of Water Supply

Re: Manager's Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems

- i. Attached Proposed Draft Bill No. 2380
- ii. Attached Proposed Draft Bill No. 2401
- iii. Attached Approved Bill No. 2401, Draft 2

Committee Chair Dahilig said the Rules Committee had met that morning and requested that the Manager provide an updated report based on the passage of the bills at the County Council and prepare in anticipation of including a Public Hearing; the report would also detail discussions and mitigations concerning Grove Farm's suggested changes to the Rules.

Mr. Nishimura moved to receive the Rules Committee report, seconded by Mr. Kaneshiro; by a unanimous vote, motion was carried.

Re: Report of the Finance Committee of the Kaua'i County Board of Water Supply

Re: Manager's Report No. 11-49 – R.W. Beck Report on Financial Planning Analysis and Water Rate

Committee Chair Dill reported that the Finance Committee had requested additional information from the Manager to be presented at a subsequent meeting and deferred the item to that subsequent meeting.

Re: Manager's Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Change

Committee Chair Dill reported that the Finance Committee also deferred this report to a subsequent date.

Mr. McCormick moved to receive the Finance Committee Report, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

Re: Committee of the Whole of the Kaua'i County Board of Water Supply

Re: Manager's Report No. 11-17 – Committee Discussion and Possible Action on the Proposed Revised Organizational Chart to organize for future operations

Vice Chair Kaneshiro reported that the Committee of the Whole received for the record the change for the Fiscal Section of the Department of Water and also requested the Manager to provide the Committee with the Operational Chart.

Re: Manager's Report No. 11-64 – Proposed Budget 2012

Vice Chair Kaneshiro said the Committee of the Whole has scheduled another budget session for June 2, 2011, at 10:15 a.m.

Mr. Nishimura moved to receive the Committee of the Whole Report, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

OLD BUSINESS

Re: Manager's Report No. 11-24 – Committee Discussion and Possible Action on Part III Rule Amendments – Establishing Standards for Subdivision Water Systems.

- i. Attached Proposed Draft Bill No. 2380
- ii. Attached Proposed Draft Bill No. 2401
- iii. Attached Approved Bill No. 2401, Draft 2

Mr. Nishimura moved to defer action on this item, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

Re: Manager's Report No. 11-49 – R.W. Beck Report on Financial Planning Analysis and Water Rate Study

Mr. Dill moved to defer action on this item, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Manager's Report No. 11-28 – Request Board Approval of Facilities Reserve Charge Changes

Mr. Dill moved to defer action on this item, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Manager's Report No. 11-17 – Committee Discussion and Possible Action on the Proposed Revised Organizational Chart to organize for future operations

Mr. Nishimura moved to defer this item to the July meeting, seconded by Mr. Dill; by a unanimous vote, motion was carried.

Re: Manager's Report No. 11-64 – Proposed Budget 2012

Mr. Kaneshiro moved to defer this item since the Committee has scheduled a meeting for June 2, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Board Discussion on the 2011 Goals for the Manager

DISCUSSION:

Mr. Nishimura questioned if the goals should be effective July 1 and run through the fiscal year 2011-2012. Manager Craddick said Item No. 1 on the Goals would need to be changed if the goals run on a fiscal year basis.

Based on the Best Practice Index, Mr. Nishimura asked Manager Craddick if the 25 indicators were what he was proposing as part of his standards. Manager Craddick responded yes and that was for everybody as it pertains to them. Mr. Nishimura referred to Item No. 2, Long Term Financial Planning; Manager Craddick said that was part of Item No. 1, Organizational Best Practices. Mr. Nishimura asked if just using the Long Term Financial Planning as an example, would Manager Craddick be submitting something that looks 25 years into the future. Manager Craddick agreed they could adjust the 2020 plan and explained that although the plan is called 2020, it is not a plan that will be completed within the next 9 years.

Mr. Nishimura moved to receive the 2007 Best Practice Index benchmark annual report, pages 54 to 80, and that the Board consider incorporating it as part of the Manager's goals, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Manager's Report No. 11-65 – Hiring Legal Assistance in negotiating the Kahili High Level Well Right of Entry

Manager Craddick explained they redid this right of entry agreement and suggested this item be taken off the agenda and brought back at a later point in time.

Mr. Dahilig moved to receive the report for the record, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

NEW BUSINESS

Re: Manager's Report No. 11-69 – Refunding of the 2001 County of Kaua'i G.O. Bonds, to Series 2011A

Manager Craddick said the DOW pays a portion of the 2001 G.O. Bond to the County and the County Appeals has refinanced the bonds which will save some money and meet the County's 2% threshold on minimum savings. The Board needs to approve the Resolution for the refinance of the DOW's portion which is \$5,240,000.

DISCUSSION:

Mr. Dahilig said for future reference it would be helpful to have a copy of the prospectus.

Mr. Dahilig moved to approve the Resolution, seconded by Mr. Kaneshiro; by a unanimous vote, motion carried.

Re: Manager's Report No. 11-70 – Job No. 10-02 – Department of Transportation/Kiewit-Kaumuali'i Highway Widening, Vicinity of Anonui Road to Vicinity of Lihu'e Mill Bridge, F.A.P. No. NH-050-1(31)

Manager Craddick noted the DOW is requesting an additional \$120,000 in order to put in 250 feet of water line over a storm drain on the State's widening project. There is an existing 15 inch from the Kokolau Tunnel, approximately 2,000 feet; in the southerly direction that this line would replace. With the first request for funding of the 16 inch line replacement, it was not known if this entire section of line could be installed as the 16 inch line actually stops at KCC and this would go beyond there.

He said they believe DOW qualifies for an exemption under the old OEQC rules. The contractor has reduced the price from the \$1,200/ft. to \$480/ft. for this section; we are supplying the pipe and it will require removal and digging into a sloped surface there and would cost a lot more if it is done later. There is some debate about whether there is going to be a delay in the job charge but this is the money we are asking for, including all delays of jobs.

DISCUSSION:

Mr. Nishimura asked if this line could go to 24 inch pipe. Manager Craddick responded yes and explained that the line from Kokolau Tunnel is storm drain pipe; it is not water pipe. To use Kokolau, that line will have to be replaced. Mr. Nishimura asked if by approving this did this

mean the Department was committed to getting Kokolau back on line. Manager Craddick said the Department was not abandoning Kokolau and when asked how long it had been out of service, Deputy Eddy said about twelve years. Manager Craddick said all the pipe has been replaced from the tunnel to the Kīpū area (Humane Society) but the portion from there into town has not been replaced. In order to put it in as a pipeline, we would have to bring it up ninety feet.

Chair Oyama asked if in light of the line being out of service for the past twelve years if there might be other unforeseen things they could encounter. Manager Craddick said the worst that could happen is they would have to put a treatment plant in there to treat the water but it is a very reliable, clean supply of water; not like using regular surface water. Although sometimes when it is kind of a wetland area outside, the water level gets high and some of the water will infiltrate into the tunnel which causes a problem. Deputy Eddy reported the capacity of Kokolau is a half million gallons per day; it was the main source of water for Līhu'e since around 1929.

Since it was not mentioned in the report, Manager Craddick was asked if the figures in the *Manager's Report No. 11-70* included going up to a 24 inch line. Manager Craddick said that was a good point and apologized for the omission but it did include the 24 inch line. However, the \$120,000 is just to cover the 250 feet over the storm drain.

Mr. Dill noted the rate had started at \$1,200 and was down to \$480 a foot and we are supplying the pipe; this sounds like a big number just for labor. Manager Craddick said it was not just labor; the cost includes the equipment to put the line in, pressure test it, and disinfect it. Asked if that was a typical cost for a 24 inch line, Manager Craddick said they got other prices of around \$400 so figured this was reasonable.

Mr. Nishimura moved to approve *Manager's Report No. 11-70* -- Job No. 10-02 -- Department of Transportation/Kiewit-Kaumuali'i Highway Widening, Vicinity of Anonui Road to Vicinity of Līhu'e Mill Bridge, F.A.P. No. NH-050-1(31) for \$120,000 in funding from the BAB fund for 250 feet of 24 inch water line over a storm drain along State Kaumuali'i Highway widening project, seconded by Mr. McCormick; by a unanimous vote, motion carried.

Re: Manager's Report No. 11-71 – Revision of Private Fire System Use Rate of Part IV of the Rules

Manager Craddick said when they shifted the blocks we added in the area ratio and said we were going to charge the normal rate for water. As we got in to it, there is no normal rate when you don't have a meter. The Honolulu Board of Water Supply took it as all the water going through the small 5/8" meters but that was not the intent of this. The intent was to take the flow that went through the 5/8" meter, multiple it times the area ratio for what went through the big line when that amount of water goes through the small meter. That big line should have been billed as though it went through a meter of similar size. That is what these rules do; they clarify that you are not only paying the meter reading charge but there is the fire line charge on top of that. If there is any consumption, you pay that at the various block rates for the detector check meter and the detector check lines.

We held up sending the other two rules to the Small Business Advisory Group to include these rules. While these rules look like a lot, we are not changing the rules; it is basically just a housekeeping measure.

Mr. Nishimura asked if the differences in the use charge and the service charge is based on time or is it because of size. Manager Craddick said the inlet service charges for having stand-by high-flow available is what you are paying for; with the meter reading charge you are charging for the time and the depreciation of a service lateral. The \$5.00 charge for the 5/8 inch meter is understandable. The other one where there is no meter that we are actually reading, we are still charging the charge that covers the cost of the service lateral coming in; the reading portion of that would be very minor. Mr. Nishimura pointed out that Section V – Private Fire Service Charges effective July 1, 2001, that is a monthly service charge. Looking at page 5 of 8, Private Fire Service Inlet Charge, I am paying \$11.00 as opposed to \$12.00 for the same 2 inch meter. Manager Craddick said these are the rates that were effective 2008 and the rates are not being changed. Mr. Nishimura questioned if those rates had come down since 2005; the response was apparently so. Manager Craddick read from the rules “The oversized meter has two meters, a Full Flow Meter and a Small Meter, both of which do not accurately read low flow; the monthly service charge for the low flow offsets the inaccuracy of the meter.” That is the monthly service charge because low flow can get through that meter and we are arbitrarily giving them a meter that is not sized correctly for their use because of the fire flow; we don’t want to subsidize that low flow that doesn’t get caught. That is how we have been billing and (the rules) give the reason for why we are doing that. There is the argument that we should be summing those two reads together on the big meter and the small meter for the ones that read the full flow; since we are not doing that now we left it out for the time being.

Mr. Nishimura questioned if they were going to wait until they get their response from the Small Business Group before a Public Hearing is scheduled. Manager Craddick said the other (rules) have not been sent to the Small Business Group yet because we wanted to include this and send the three at the same time since they all deal with Section 4. Mr. Nishimura asked procedurally if it would all go as one document. Manager Craddick said it would be prudent to do it that way and then it could go to Public Hearing as one document. Once the Small Business Group acts on it, they will give it back to the Board saying it is okay to go to Public Hearing. Manager Craddick said the Board could decide if they want to group the rules together as one submittal to send to the Small Business Group or as it was given to the Board in two separate submittals. Mr. Nishimura expressed his concern in holding back the other one since there was some urgency because of the change in the billing blocks and questioned why it had not gone to SBG yet.

Mr. Nishimura moved to receive Manager’s Report No. 11-71 and refer to Small Business for response, seconded by Mr. McCormick; by a unanimous vote, motion carried.

Re: Manager's Report No. 11-72 – Request Board Approval of Reorganization of the Engineering Section

Deputy Eddy referred to the Organizational Chart (org chart) marked "Current" that was distributed at the Committee meetings. Deputy Eddy said they would like to request approval from the Board for reorganization of the Engineer Division and Special Projects Division.

Deputy Eddy explained the Basic Structure org chart would affect the Engineering Division (comprised of Civil Engineers and Waterworks Inspectors) and the Special Projects Division (comprised of Civil Engineers, Project Managers, Inspectors and a series of Microbiologists). We are asking to combine Special Projects and Engineering into one division called Engineering and Construction Management Division and pull out the Microbiologists and Chemists into a new division that would be called Water Quality Division.

We are asking for this reorganization to try to improve efficiencies and consolidate engineers into one division and create this new series called Construction Management. Deputy Eddy explained that Civil Engineers do not take a course in Construction Management which is a specialized field. We want to take advantage of that and recruit Construction Managers who may not have engineering degrees but do have construction management degrees and utilize this other pool of qualified people. We pulled the Water Quality division out because it is separate from engineering, design and construction; it is separate from special projects and needs to be independent to complete their mission of water quality.

DISCUSSION:

Asked if this reorganization was creating a new CE VII position, Manager Craddick said the CE VII position is under the Manager right now; the position was created through the 2020 plan and is a current vacant funded position.

County Attorney Al Castillo requested a ten minute recess at 11:55 a.m. for a legal conference; Chair Oyama called the meeting back to order at 12:05 p.m.

County Attorney Castillo informed the Board that as they were going through the reorganizational chart, he had some legal questions which is why he requested a brief meeting with the Board's Deputy Attorney Suzuki. Attorney Castillo said he had questions as to how the organizational chart would affect how the department is run, whether or not there are any legal concerns regarding the creation of any department, whether or not there are legal concerns regarding the creation of a new section of the department and what happens to the person in charge of that new section, and whether or not there needs to be another rating. Attorney Castillo was concerned whether that was vetted out or not and whether there are any union concerns. Attorney Castillo said he was not opining but rather expressing some of his concerns.

Mr. Nishimura asked if by taking Water Quality out of the current organization, will that necessitate the need for an additional supervisory position. Deputy Eddy said no; the Microbiologist IV who currently supervises the III position would be responsible and he would report to the Manager. Asked if the EM 7 currently in Administration would now be moved to

Engineering, Deputy Eddy said correct and that position will become the chief of the Engineering/Construction Management division.

Some of the efficiencies that would be obtained would be that one division would do the plan review for private construction jobs and governmental jobs such as subdivisions and pipelines on the highway. Another group would review plans for department funded jobs. Essentially they are the same jobs - pipelines, distribution lines, service laterals, water tanks, wells – it is all waterworks, engineering and construction. Currently we have two divisions doing this and if the same group is reviewing both private funded jobs/ government and department jobs it would eliminate any conflicts.

County Attorney Castillo cautioned the Board that there are management rights as well as employee rights and when they are asking the Deputy for feedback, even though for informational purposes, they have to be careful they are not telling management how to do its job.

Manager Craddick was not sure why the reorganization of the department was on the Board's agenda because there are no money or policy issues involved; however, there is a signature line on the charts for the Board Chairman. Because HR requires that the Board review the org charts, we are trying to get a legal requirement for this.

Mr. Nishimura asked what would be the net cost (of the reorganization) to the rate holders; Manager Craddick stated nothing. Mr. Nishimura stated that the commitment from the department is they will not be asking for any budgetary increases for supervision for either Water Quality or Engineering unless there is an increase in the workload; Manager Craddick said yes.

Mr. Dill said he encountered the same problems and had to create similar or parallel positions in Public Work so he would agree with the proposed reorganization for the Department of Water. Mr. Dill did question the basic structure charts which showed they were making two divisions out of the Operations division – Distribution and Plant Operations. Deputy Eddy said they were not asking for that change today to which Mr. Dill pointed out they were asking for a signature from the Board Chair (on the proposed Basic Structure org chart). Deputy Eddy said they would have to revise that org chart to show the Distribution Division and the Plant Operations Division as the Operations Division as part of this request. Manager Craddick said they would give that change to the Board; that separation has already been sent to HR.

It was suggested that maybe this item should be deferred until the department can give the Board what they are actually going to send up. Mr. Dill said the charts were not a complete package because the Civil Engineer VII pops up on the proposed charts but is not reflected in the overall Admin org chart so you do not see how it works on that side. Deputy Eddy said that position is shown on the goals table. Manager Craddick said it was there initially but it is not there now.

Mr. Dahilig said part of the direct effect is now they are moving from 5 direct reports to 6 direct reports and does that make sense from a systemic standpoint for a manager. Deputy Eddy noted that Distribution and Plant Operations will be the Operations Division which will still be 5 direct reports. Mr. Dahilig asked if it made sense to have a discussion regarding the Engineering and

Construction Management Division at the same time they are looking at the proposal to create a Distribution Division and a Plant Operations Division and should that be looked at in its totality of circumstances versus piecemeal. Deputy Eddy pointed out that the table org chart in the goals projects out 10 years but we are dealing with current things now.

Mr. Nishimura questioned why there was not a master table of organization. Manager Craddick said that was all under the goals section and it had not changed from day one. Mr. Dahilig said if they were looking at changes in Engineering they should look at all the different changes they are thinking of entertaining across the board. The short term and the long term discussion would be helpful in understanding making this one move.

Mr. Nishimura noted that with Special Projects and Engineering, one handles in-house and one handles private; under one shop who would establish the priorities? Manager Craddick said the EM 5 from the Engineering side would decide that; the Special Projects and the outside ones are still functioning as they function now. Mr. Dill made a comparison with a similar change recently in Public Works and said there may be competition for priorities but they came to the conclusion that the efficiencies gained by that type of a structure were more important.

Mr. Dill moved to defer this item to the end of today's meeting; seconded by Mr. Dahilig.

Mr. Dill said he would like to see two specific things by the end of the meeting which would be reconsolidation of the Plant Ops and Distribution Divisions, the way they actually currently are, and would like to see an org chart that shows were the EM 7 is currently out there twisting in the wind.

By a unanimous vote, motion carried.

Chair Oyama asked the Board's approval to take item **H.8.** out of order to recognize the Employee of the Year who was present in the room.

A brief recess was called at 12:40 p.m.; Chair Oyama called the meeting back to order at 12:46 p.m.

Re: Resolution No. 11 (10/11), Congratulations, 2010 DOW Employee of the Year

Mr. Nishimura moved to approve Resolution No. 11, Congratulations, 2010 Employee of the Year, seconded by Mr. McCormick; by a unanimous vote, motion carried.

Deputy Eddy congratulated Serafin Galvez, Maintenance Worker II, as the 2010 DOW Employee of the Year, and briefed the Board on the qualifications that earned Mr. Galvez this honor.

Re: Manager's Report No. 11-74 – Request Board Approval for Reallocation of Funds for Job No. WRP 01 FY 05-06 Kaua'i Water Use and Development Plan Update

Manager Craddick stated that the current budget is \$300,000 and they are requesting additional funds to get this job going. Mr. Doi said the new proposal, which was reviewed and approved by the selection committee, comes out to \$514,000. We would like to award the contract instead of waiting until the next fiscal year by reallocating funds that are available in our program and move them to expedite the Water Use and Development Plan. Manager Craddick said the Water Use and Development Plan is a requirement of the State Commission on Water Resource Management and all water systems have to do this. It is supposed to be a coordination plan between the community plan and the water demands of the area; not only DOW but AG water, Hawaiian water uses. There is a lot more rigid framework that is used now than when the Water Commission was first formed in the early 1990's. Asked if this was something that was to be done by regular periodic intervals, Manager Craddick said it should be updated every 10 years or when there is a change in the community plan. What you basically are doing is figuring out what the water needs based on the (inaudible) of the community plan and if you find that you should have run out of water in building up the community plan, I guess the State would make designations such as they have done in other areas.

Asked if they wait until they get the results from the Water Commission or do they update this plan once they get the General Plan Update, Manager Craddick said this would not be completed until we get the General Plan Update but certainly there would be work that would have to be done during that update. Mr. Nishimura asked if the proposal included work to be done after the General Plan Update. Manager Craddick said they envision it to take about three or so years. Mr. Dahilig said the General Plan Update is pending final approval; the CIP request is for two clinical studies: one relating to infrastructure and one relating to socio-economic demographics. The actual General Plan Update won't be moving forward until those technical studies are completed along with the IAL study; best guess is three to five years for the completion of the General Plan Update.

Mr. Nishimura asked if this had this been reflected in the current budget proposal? Ms. Yano said the \$500,000 is under Water Resources. Mr. Nishimura said he thought he saw \$400,000 and they zeroed out the GIS implementation. Ms. Yano said that was in the proposed 2012 budget but if this gets approved it will change the 2012 proposed budget which means these two items, maintenance of the hydraulic model (\$50,000) and the GIS Implementation(\$150,000) will become a new request in 2012 and the additional \$400,000 for this particular project would decrease to \$200,000.

Mr. Nishimura moved to approve *Managers Report No. 11-74* requesting the Reallocation of Funds currently budgeted for Maintenance Support of the Hydraulic Model, GIS Implementation Support and 106b which is the CIP Reserve Fund will increase the budget for the County Water Use and Development Plan Update, seconded by Mr. McCormick; by a unanimous vote, motion was carried.

Re: Manager's Report No. 11-75 – Request Board Approval of New Budget Line Item for Board Policy #25 – Small Claims Settlement

Manager Craddick noted it was Board approved in April to allow the Attorney to settle claims and we are submitting the amount budgeted for this.

Mr. Dahilig moved to approve, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

Re: Board request of review of the evaluation and goals of the Manager and Chief Engineer
a. 2010 Goals attached

Mr. Nishimura moved to defer this item, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

STAFF REPORTS

Re: Statement of Kaua'i County Water Department's Revenues and Expenditures

Ms. Yano noted for the record that the statement of revenues and expenditures, as of March 31, was included in their meeting packet.

Mr. Dahilig moved to receive the report, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

Re: Report by the Public Relations Specialist on Public Relations Activities

Ms. Shiramizu noted her report was also included in the meeting packet.

Mr. Kaneshiro moved to approve the report, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

Re: Deputy Manager's Summary Report on Monthly Operational Maintenance

Deputy Eddy noted they had been recruiting for some time for the position of Chief of Operations and have found a candidate whom they hope to have on board in June. The chart for the number of pipeline leaks and repairs was not available this month.

Mr. Nishimura asked if there were scheduled pump change-outs. Deputy Eddy asked if he was referring to deep well pumps which are several hundred feet below the ground so they cannot perform maintenance work. Preventative maintenance can only be done on the above ground features of the pump pertinences (the pump shaft and motor). The expense to pull the pump out of the ground and put it back in far exceeds the value of the pump. Manager Craddick said they

watch the efficiency (flow and pressure) and if the efficiency drops off to a certain amount it is changed out.

Mr. McCormick moved to receive the report, seconded by Mr. Nishimura; by a unanimous vote, motion was carried.

Re: Manager's Monthly Update Regarding Activities of Note of the Kaua'i County Water Department

Manager Craddick noted he had worked with our Congressional representatives on behalf of the Hawai'i Rural Water to request program funding. Also Governor Abercrombie released \$1.4 million in funds for the Waimea Canyon Pipeline project which should be done in the next week or so. We have requested a new list of secretaries from DPS for the Deputy's office and we are still reviewing the Board Secretary. We are also waiting for a list of Civil Engineer II's to fill those vacant positions. Warrant vouchers were paid in the amount of \$1.96 million. There was one conveyance of water facility for Pioneer Hi-Bred International in Kekaha for \$8,100.

Mr. Dill moved to receive the report, seconded by Mr. Dahilig; by a unanimous vote, motion was carried.

EXECUTIVE SESSION

Re: Job Performance Evaluation of the DOW Manager and Chief Engineer
a. 2010 Goals attached

It was noted for the record that there would not be an Executive Session.

TOPICS FOR NEXT WATER BOARD MEETING

Mr. Nishimura pointed out they have not taken any action on the minutes of February 17th and April 28th Committee meeting

TOPICS FOR FUTURE WATER BOARD MEETINGS

1. Staff Quarterly Updates (*July 2011*)
2. Resolution #1 – Budget for next fiscal year (*August 2011*)
3. Job Performance Evaluation for Manager and Chief Engineer (due to DPS in October) (*August*)
4. Draft Policy for the Transferral of Funds from the Emergency Fund and how they will be used (*no timeline assigned*)
5. Substitute current Leak Program with a Leak Insurance Program (*October or after rollout of monthly billing*)

UPCOMING EVENTS

1. AWWA National Conference, Washington, D.C., June 12-16, 2011
2. HWWA Conference, Kona, Hawai'i, October 12-14, 2011
3. DOW Budget Committee Meeting, June 2, 2011, 10:15 a.m.
4. DOW Finance Committee Meeting, TBD

NEXT WATER BOARD MEETING

1. Tuesday, June 21, 2011, 10:00 a.m.
2. Thursday, July 28, 2011, 10:00 a.m.
3. Thursday, August 25, 2011, 10:00 a.m.
4. Thursday, September 29, 2011, 10:00 a.m.
5. Thursday, October 27, 2011, 10:00 a.m.
6. Wednesday, November 23, 2011, 10:00 a.m.

Re: *Manager's Report No. 11-72 – Request Board Approval of Reorganization of the Engineering Section* (continued)

Deputy Eddy presented the Board with the most current Administrative Organizational Chart which shows the EM-7 Position 2350 with an Engineering Program Assistant and the SR-15 Position 9105 which was a temporary position that has since expired. The second sheet shows the Proposed Basic Structure Organizational Chart for which the Department is requesting Board approval.

Mr. Dill moved to approve *Manager's Report No. 11-72* requesting Board approval of the Reorganization Plan to Combine the Engineering and Special Projects Division and Create a New Water Quality Division, seconded by Mr. McCormick; motion was carried with 5 ayes and 1 reservation from Mr. Dahilig.

ADJOURNMENT

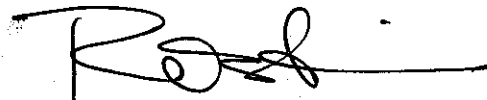
With no further business before the Board, Chair Oyama adjourned the meeting at 1:30 p.m.

Respectfully Submitted,



Barbara Davis
Boards & Commissions Support Clerk

Approved,



Randall Nishimura
Secretary – Board of Water Supply